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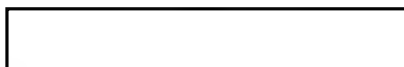
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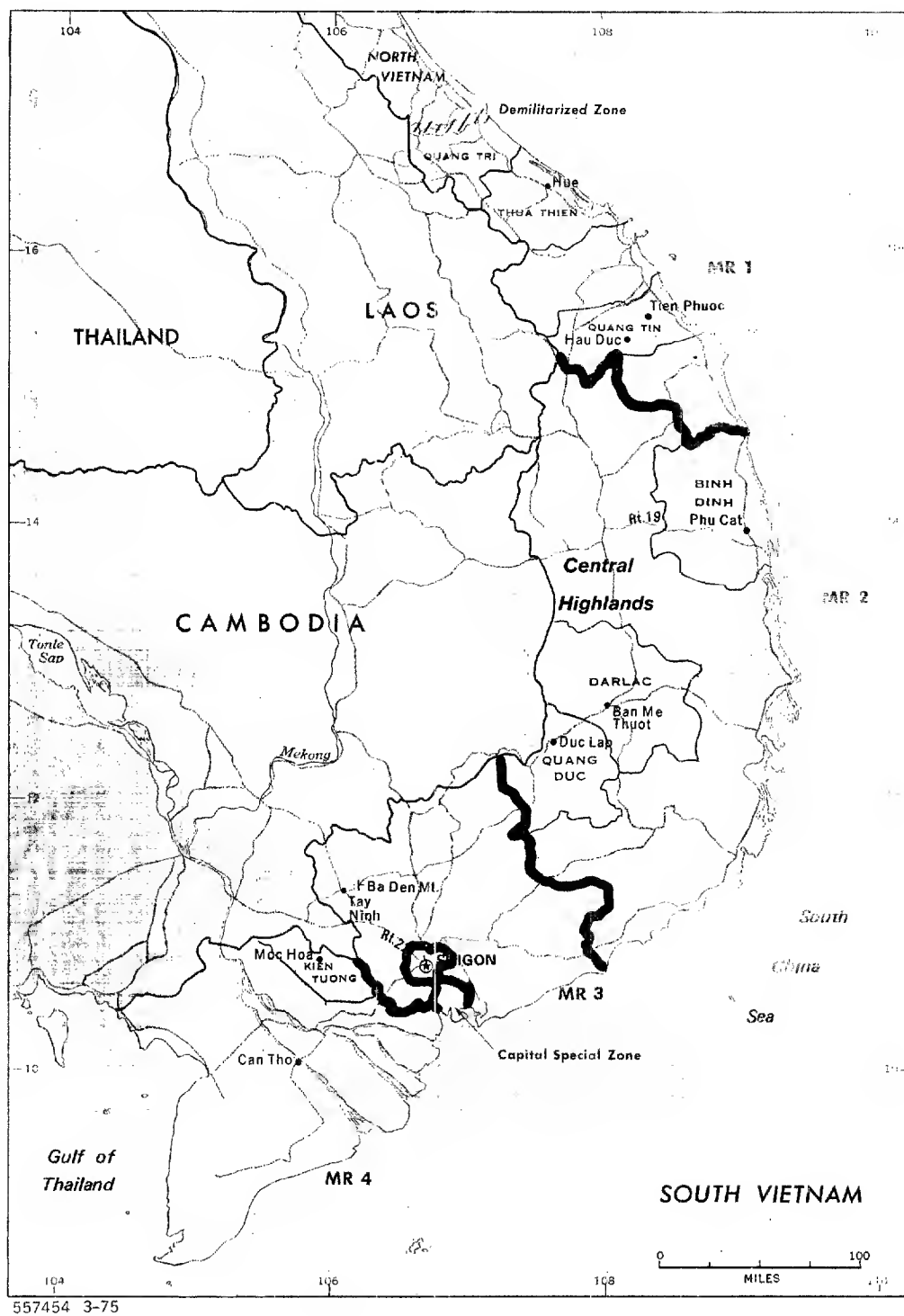
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SOUTH VIETNAM

Communist forces are maintaining heavy pressure against government positions in the northern provinces and central highlands.

Several North Vietnamese units from independent regiments are inside Ban Me Thuot, in Darlac Province, the government's second largest capital in the highlands. Details on the fighting are sketchy, but South Vietnamese commanders believe that if they can keep the city's airfields open and get in reinforcements, they can hold the town. As yet, there is no confirmation that units of the North Vietnamese 320th Division are involved in the fighting for Ban Me Thuot, but South Vietnamese commanders believe they are in the area.

The Pleiku airstrip was closed yesterday afternoon after it was hit by over 50 rockets.

Elsewhere in the region, North Vietnamese forces have overrun a border outpost and the district capital of Duc Lap in Quang Duc Province. Heavy shellings and ground attacks have closed the government's important airfield at Phu Cat in Binh Dinh Province, and the Communists are continuing to put up a hard fight along Route 19.

In the northern provinces, North Vietnamese forces have overrun the district capitals of Hau Duc and Tien Phuoc in Quang Tin Province.

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Farther north, action remains brisk in Quang Tri and Thua Thien provinces.

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in early March the North Vietnamese 325th Division moved south from Quang Tri to Thua Thien Province. If so, the North Vietnamese would be in a considerably stronger position to increase pressure against government positions in the area, including the former imperial capital of Hue. Communist gunners fired rockets into Da Nang airbase this morning, but the airbase is still operating.

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In the provinces around Saigon, South Vietnamese forces maintain the initiative, although North Vietnamese units have cut Route 22 south of Tay Ninh city. The airfield at Bien Hoa suffered minor damage from rocket attacks this morning. The government's 25th Division has placed a token force atop strategic Ba Den Mountain.

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The South Vietnamese have information that North Vietnamese main force units in the delta have moved into positions close to Moc Hoa, the provincial capital of Kien Tuong Province, and Can Tho, the government's regional headquarters for Military Region 4. The South Vietnamese anticipate heavy artillery and sapper attacks against Moc Hoa, possibly as soon as March 14 or 15, followed by ground assaults. More or less the same strategy is visualized for Can Tho, although Communist forces are believed too weak to stage a frontal assault on the city.

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THAILAND

In a press conference yesterday, Khukrit Pramot confirmed that he has accepted a mandate to form a coalition government. Khukrit said he believes it is possible that a vote of confidence on his proposed coalition can take place within a week.

There is some basis for Khukrit's optimism.

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Khukrit's sense of political timing may work to his advantage. He had been strongly tempted to join forces with the conservatives in blocking Seni's efforts to form a government, but backed out at the last minute. His reasoning was based in part on the belief that Seni would fail and that to embrace the conservatives prematurely would needlessly hurt his standing as a moderate. He may have calculated that after six weeks without a government, the public would be growing weary of parliamentary maneuvering. This seems to have been borne out by the lack of any significant outcry from the media or student community over Seni's defeat, despite the fact that Bangkok is the stronghold of Seni's Democrat Party.

Another factor that almost certainly has contributed to muting any significant protest at this time is the realization that Khukrit represents the last real chance for a political moderate of national prominence to head the government. If Khukrit backs out, the most likely alternative is a right-wing, military-backed government--a development that would be unpopular in many quarters.

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CYPRUS

The tenuous truce between pro- and anti-Makarios factions within the Greek Cypriot community appears to have been broken as a result of the attempted assassination of a high government official on March 9 and an explosion last week at the Limassol offices of the Church of Cyprus. President Makarios will now be under growing pressure from his supporters to purge rightist extremists in the government and to move against the remnants of the EOKA-B terrorist organization, which may have been responsible for the latest acts of violence.

Relations between pro- and anti-Makarios supporters began to deteriorate late last month following the Greek government's discovery of a plot against it by supporters of the former junta. Pro-Makarios groups in Cyprus charged that the conspiracy was also aimed at the overthrow of the Makarios government. They have called for a purge of junta collaborators from the bureaucracy and the National Guard, as well as the apprehension of terrorists still at large.

Makarios had previously adopted a conciliatory line toward the far right so as to secure a common front in the face of the Turkish threat. This appears to have been a tactical move, and he doubtless was only biding his time before moving against those who have sought his overthrow. The latest acts of violence, coupled with pressure from his supporters, will probably persuade Makarios to take some punitive measures against the far right, despite the persistence of the Turkish threat.

This could spark renewed clashes between government forces and well-armed, hard-core remnants of EOKA-B, which are particularly strong in the Limassol area. The terrorists, however, do not appear to have the ability or the popular support to mount a successful challenge to the government at this time.



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ITALY

A dispute over the law-and-order issue is having a divisive impact on Prime Minister Aldo Moro's three-month-old government. The leaders of the four government parties will meet on Thursday to try to agree on a program to combat increasing crime and political violence.

A series of armed robberies in which policemen were either killed or injured has led the police to demand broader powers and to call for tougher treatment of offenders by the courts. The seriousness of the situation has been highlighted by incidents like the raid in mid-February that succeeded in freeing the leader of a left-wing extremist organization from a Turin prison. Rome has been disturbed, meanwhile, by sporadic street fighting between neo-fascists and leftists since the opening of a trial of leftists there in late February.

Christian Democratic leader Fanfani has taken the lead in making these incidents a central issue in the campaign for the nationwide local elections that are expected to take place in June. Last month, Fanfani insisted that law enforcement should take precedence over all of Italy's other problems. Now, the Christian Democrats are pushing legislative proposals that give the police more flexibility and increase the penalties for certain crimes.

Fanfani's approach has drawn fire from the entire Italian left, including left-of-center elements in his own party. Left-wing Christian Democrats and the party youth organization, for example, think that Fanfani is concentrating on the crime problems to the exclusion of the bread-and-butter issues that are troubling voters. Disagreement on this point was one of the factors that led Fanfani late last month to dismiss the leadership of the party youth section.

The Socialists, while concerned over increased crime, argue that Fanfani is exploiting the issue for

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electoral purposes. The Communists as well as the Socialists insist that the neo-fascists are primarily responsible and that anti-crime legislation should be aimed mainly at the extreme right.

Although there will be divisions over this issue at the meeting of government leaders on Thursday, the ingredients are present for a compromise government program on law enforcement measures. The Christian Democrats reportedly will not insist on the proposal most adamantly opposed by the Socialists: giving the police temporary powers to arrest and detain suspects.

For their part, the Socialists are trying to avoid actions that could lead to the postponement of the local elections scheduled for June. The Socialists are expecting gains in the elections, but fear they will be re-scheduled if Moro's government falls apart before June.

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IRAN-IRAQ

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Iranian Foreign Minister Khalatbari issued what may have been a gentle warning to Iraq during a press conference in Tehran yesterday. He said his government considers the four major points of the accord to be interrelated. "Acceptance of any one without the others was not possible," he said.

Khalatbari also told the press that as soon as the border demarcation question is resolved, the two countries can explore cooperation in all other areas. Iran's press comments have stressed the end of Iraqi propaganda against Iran, while public reaction to the accords has been generally favorable, according to the US embassy in Tehran.

The USSR, Iraq's principal foreign backer, has given favorable press coverage to the accord.

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ABU DHABI

Abu Dhabi may find its oil revenues falling short of expenditure plans this year if recent price adjustments do not boost sales of its premium-quality low-sulfur oil. To stimulate demand for its oil, the Abu Dhabi government has--with OPEC's blessing--reduced oil prices by about 55 cents a barrel in expectation of a resumption of normal production. The oil majors had cut production by 40 percent from the December 1974 level to little more than 750,000 barrels a day in the face of surplus oil supplies.

Even with increased production, however, Abu Dhabi probably will have to curb some of the free spending engaged in last year, when revenues totaled some \$3.5 billion. Abu Dhabi financial experts are concerned that sufficient oil revenues will not be received this year to meet foreign economic aid, internal development, and recurrent budgetary expenditures. Aid commitments, apparently programmed to exceed the \$1.4 billion pledged last year, will probably be disbursed slowly to assure that at least \$2 billion will be available for local development and recurrent expenditures, the amount allocated to those categories last year. Abu Dhabi also faces growing demands from the other emirates of the United Arab Emirates for an increased share of development funds.

The uncertainty of continuing oil revenues will encourage the Abu Dhabi Investment Board to perpetuate its preference for highly liquid securities. The government's bilateral assistance program may be combined with an investment program by making equity investments in industrial projects in the developing countries, much in the fashion of Kuwait and Iran.

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ZAIRE

The sharp drop in copper exports and prices and improvident economic policies have precipitated a severe foreign exchange problem in Zaire that may affect its ability to import even the most basic consumer and industrial goods. Kinshasa appears undecided on further steps to attack the problem. At the present time, however, there does not appear to be any erosion of popular confidence in President Mobutu that could lead to political unrest.

Zaire is the world's fourth largest exporter of copper, on which it depends for three fourths of its foreign exchange earnings. The sharp drop in copper prices, coupled with spiraling import demand, has left Kinshasa unable to meet foreign exchange obligations. To keep up with current expenses, Zaire has sold its gold reserves, is trimming nonessential imports, and is angling for Arab loans. Meanwhile, some suppliers have diverted export shipments already on the way to Zaire.

Since independence in 1960, Zaire's economy has experienced boom or bust, depending on the price of copper. In the past, it has been able to wait out price slumps with the knowledge that copper prices eventually would rise. Now, however, even the most optimistic projections of copper prices over the next few years do not forecast a rise sufficient to meet the present level of Zaire's expenditures.

To live within its means, Kinshasa will have to cut imports to 50 percent of the level of late 1974. Import demand, however, has shot up because of spiraling government budgets and nationalization policies that have spawned a large number of state enterprises supported by government loans. In 1974, all large production enterprises, distribution services, and construction firms--except those covered by the 1969 investment code--were nationalized. Lack of administrative ability and business experience by most of the new Zairian managers and growing government regulations are adding to the economic disruption.

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BRAZIL

Senior military conservatives who are opposed to President Geisel's liberalization program apparently are behind the wave of arrests and detentions of suspected subversives in several cities.

Some of those arrested recently are accused of being members or supporters of the illegal Communist Party. They include journalists, attorneys, and students. Their arrests have drawn protests from the press and bar associations and a leading liberal cardinal. The security services are claiming that several opposition legislators, at the federal and state levels, were elected with strong Communist Party backing.

The disgruntled conservatives, some of whom command the security services, probably hope that by dramatizing the subversive threat they can convince Geisel that he should slow down or even abandon his efforts to ease political restraints and decrease emphasis on national security matters. Among those most displeased by the liberalization effort are the army minister and two top army commanders. The conservatives are particularly vexed with Geisel's chief adviser, General Golbery, whom they view as the chief architect of liberalization and responsible for the government's poor showing in last fall's elections.

At least some of the conservatives are genuinely concerned that liberalization will embolden subversives. Others, however, are greatly worried that, if the administration significantly reduces the priority of national security matters, their influence and prestige--for the first time since the military seized power 11 years ago--will be reduced. Moreover, some conservatives undoubtedly fear that past excesses committed in the name of national security will be exposed. Indeed, the opposition party, greatly strengthened in congress, proposes to study the whole question of violations of human rights.

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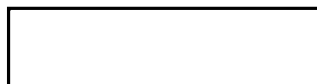
The apparent impunity with which regional security officers operate suggests that Geisel still has not brought the security organs completely under his control. The conservatives, despite the discontent of some, do not at this time, however, constitute a threat to the government's stability. Indeed, the President retains wide respect among senior officers and could shift potential troublemakers around to lessen their effectiveness.

USSR

Jewish emigration from the USSR totaled 1,038 last month, matching the January rate, but well below the pace set during the first two months of last year. Through February, 2,246 Soviet Jews had received permission to leave for Israel, compared with approximately 4,000 during the first two months of 1974 and 5,100 for the same period in 1973.

Diplomatic sources in Moscow attribute the decline in the emigration rate this year to uncertainty--promoted by the Soviets--about conditions in Israel, the expense of application, and the usual pattern of harassment of applicants. The rate of outright refusal reportedly has not increased.

Despite the overall decline in Jewish emigration, the number of Jews from the Moscow area leaving the Soviet Union was up slightly in January and February. Soviet authorities may calculate that by easing emigration restrictions on well-educated, articulate Muscovites, the USSR will reduce activist agitation in the capital and negative publicity in the West.





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